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AUDIT SCOTLAND

News release

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Councils need to up the pace of improving the management of their capital investment

Councils need to improve further the way they manage major projects like schools, roads, housing and flood prevention, says the Accounts Commission.

Over the last three years councils spent £7 billion on capital investment - more than half of Scottish public sector capital expenditure. Between April 2012 and October 2015 councils completed 149 projects and as at October 2015 they had 245 projects worth around £6 billion underway. Over 40 per cent of these are schools. Schools projects continue to perform better to cost and time targets.

A report published today highlights some progress on the recommendations made by the Commission in a 2013 report. Councils have taken a range of actions and display aspects of good practice. But, overall, they need to increase the pace of improvement to comply fully with good practice.

The report found weaknesses in capital investment planning. Councils need to do more to develop their long-term capital investment strategies and plans. In particular, they need to make it clearer how capital investment contributes to their strategic objectives, why and how projects are prioritised, and clearly set out the benefits these projects are expected to deliver.

Councils have improved their structures and processes to help them manage capital investment activity more effectively. But they need to do more work to comply fully with good practice. They should review business cases as projects progress and evaluate them after completion so that good practice and lessons learned can be shared within councils and with others.

Councils also need to provide better information to councillors to allow them to scrutinise capital investment effectively.

Accounts Commission chair Douglas Sinclair said: "Councils spend a great deal of money on capital projects such as schools and roads which are vital for local services.

"Our 2013 report recommended actions to help councils improve performance. They have made some progress since then but they need to do further work to fully comply with good practice. In particular, they should provide councillors with better information through clear, good quality reports to enable them to effectively challenge and scrutinise capital investment decisions, plans and progress. "

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Notes to editors

1. Audit Scotland has prepared this report for the Accounts Commission. It is a follow up to a previous report, Major Capital Investment in Councils from March 2013. The 2013 report recommended actions councils should take to help them improve performance in managing their capital investment programmes and projects. Based on the report's findings, the Accounts Commission developed a good practice guide and checklist to help councils improve how they manage and scrutinise capital projects.

2. The Accounts Commission is the public spending watchdog for local government. It holds councils and various joint boards and committees in Scotland to account and help them improve. It operates impartially and independently of councils and of the Scottish Government, and meets and reports in public.

3. Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability Scotland) Act, 2000. It provides services to the Auditor General for Scotland and the Accounts Commission for Scotland